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C O N F I D E N T I A L SECTION 01 OF 03 OTTAWA 000231

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SUBJECT: LITTLE LOVE LEFT - THE CONSERVATIVES AND QUEBEC

REF: 08 OTTAWA 1293

Classified By: PolMinCouns Scott Bellard, reasons 1.4 (b) and (d)

¶1. (C) Summary: The 2008 federal election damaged Prime Minister Harper's political standing in Quebec. Rather than heal campaign rifts over Conservative juvenile crime proposals and cuts to arts funding, PM Harper's subsequent attacks in December against the "separatist" Bloc Quebec's support for the short-lived Liberal/NDP coalition pact further alienated many Quebec voters. The government's efforts to reign in the growth of equalization payments have also fanned discontent. PM Harper reportedly blames Quebec Premier Jean Charest for the Conservatives' failure to win a parliamentary majority. While continuing to bolster Conservative party organizational and communications structures in Quebec, PM Harper probably has already concluded that Conservative prospects in the province are dim, and shifted gears to winning new seats in Ontario and British Columbia in the next election. End summary.

BRUISED BY THE BALLOTS, EH?  
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¶2. (SBU) In the October 2008 federal election, the Bloc Quebecois successfully used the wedge issues of Prime Minister Harper's tough anti-crime legislation and cuts to cultural funding to argue that Conservatives were out of touch with "Quebec values." Quebec voters reportedly also resented Conservative billboards claiming that voting for the Bloc Quebecois was a "waste of money." PM Harper's attacks on the "separatist" Bloc Quebecois for its role in supporting the short-lived proposed coalition between the opposition Liberal and New Democratic parties in December further angered many ordinary Quebecers, many of whom see themselves nowadays as federalists seeking to influence policy in Ottawa, rather than as advocates for Quebec independence.

¶3. (SBU) Support for the Conservatives has plummeted in Quebec, especially in and around Quebec City. A recent Strategic Counsel/Globe & Mail/CTV News poll showed only 10 pct of Quebecers would vote for the Conservatives, far behind the Bloc (40 pct) and Liberals (30 pct), and level with the NDP and Green Party (each with 10 pct). It was the worst showing for the Conservatives in Quebec since December 2005. Many commentators have predicted that, in the next federal election, the Conservatives will be hard-pressed to retain their current ten Parliamentary seats, much less gain more of Quebec's 75 "ridings" (voting districts with MPs).

BAD BLOOD, N'EST-CE PAS?  
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¶4. (C) PM Harper's relations with Quebec Premier Jean Charest -- a former federal Cabinet minister under Conservative then-Prime Minister Brian Mulroney, before returning to provincial politics in 1998 -- appear to have been strained at least since the March 2007 Quebec provincial election, when Charest took C\$700 million in fiscal imbalance money from the federal budget and unexpectedly earmarked it

as a tax cut. PM Harper's December 2007 joint appearance with Action Democratique du Quebec (ADQ) then-leader Mario Dumont in his Riviere-du-Loup constituency, at a time when Charest had a minority government, also reportedly hurt relations with Charest. During the October 2008 federal election, Charest openly seconded the Bloc's criticism of the federal government's cuts to arts spending and proposals on juvenile offenders.

15. (C) According to Privy Council Office (PCO) Quebec Policy Advisor Eric Ferguson (protect), PM Harper's failure to respond to a letter that Charest had sent to federal Qrespond to a letter that Charest had sent to federal Conservative party leaders during the October 2008 election outlining Quebec's top demands also caused friction. Ferguson (a Quebec City native who is a nine year PCO veteran) claimed that PM Harper was "shocked" that Charest had even sent the letter -- especially in the midst of an election campaign -- and laid the blame specifically on Charest for the Conservatives' failure to win a parliamentary majority in that election. (Note: The letter's fifteen requests included greater funding for higher education and non-profit organizations, respect for "Quebec's approach" to juvenile offenders, support for a Quebec City-Windsor high speed train, and a formal role for Quebec in nominating Supreme Court justices. End note.) However, Ferguson commented to poloff on March 18 that relations between PM Harper and Charest may now be slowly improving, noting that they spoke during the week of March 10 and planned to speak again on March 19.

WEAK ROOTS, PEU DE FLEURS  
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16. (C) Conservative Party insiders have repeatedly chafed at the lack of obvious talent within the pool of Quebec's Conservative MPs, leaving the party entrusting important portfolios to less-than-obvious choice MPs in the mostly vain attempt to woo Quebec voters. The biggest recent blunder, in retrospect, was the August 2007 appointment of Maxime Bernier (Beauce) as Foreign Minister; he resigned in disgrace in April 2008 after compromising classified documents at his girlfriend's house. (He nonetheless won re-election in 2008 by the largest margin nationwide.) The 35-year old Public Works Minister Christian Paradis (Megantic-L'Erable) was then a surprise choice, given his lack of experience or stature, to be the Conservatives' new "lieutenant" for Quebec. Current Foreign Minister Lawrence Cannon (Pontiac), National Revenue Minister Jean-Pierre Blackburn (Jonquiere-Alma), and Intergovernmental Affairs Minister Josee Verner (Louis-Saint-Laurent) are the other Quebecers now in the cabinet, with many commentators attributing their prominence to their origins rather than their talents or prospects. PM Harper reportedly tried but failed to persuade ADQ leader Mario Dumont to enter federal politics following the ADQ's disappointing December 2008 Quebec general election result. According to the PCO's Ferguson, Dumont also turned down PM Harper's offer of a Senate seat in December 2008. Some analysts have predicted that Dumont's departure from Quebec's political scene may be a blessing in disguise for PM Harper by opening the door for a rapprochement with Charest. But, according to Ottawa-based political consultant Bruce Campbell, Charest may be reluctant to be perceived as warming up to PM Harper while the latter's popularity in Quebec remains so low.

17. (SBU) Another self-inflicted blow to the Conservatives came in mid-March, when Conservative MP Daniel Petit (Charlesbourg-Haute-Saint-Charles) publicly described Quebecers as a bunch of "illiterates" when it comes to learning English. The Bloc Quebecois responded that the remarks showed the Conservative party's lack of credibility and weakness in Quebec.

18. (C) To improve his communications efforts in Quebec, PM Harper has increased the number of Quebecers in the Prime Minister's Office (PMO). Previously, PMO Deputy Press Secretary Dimitri Soudas was PM Harper's sole advisor on Quebec, but there are now at least four PMO senior officials devoted to Quebec policy. The PCO's Ferguson noted that Conservative officials are increasingly participating in Quebec media events, including television shows appealing to a wider cross-section of the electorate. Separately, in early March, Minister Paradis announced that he had obtained additional financial resources for Conservative party activists in Quebec and that Quebec riding associations would be given greater flexibility to join forces in regional clusters.

19. (C) The Conservatives' highly lauded (and feared, by the Liberals) campaign "war-room" (reftel) had featured a large, separate unit exclusively devoted to the Quebec campaigns in the October 2008 election. However, according to Minister Paradis' chief advisor on organizational planning, Conservative MP Jacques Gourde (Lotbiniere-Chutes de la Chaudiere) -- who also serves as Parliamentary Secretary both for Public Works and for National Revenue -- even his own October 2008 re-election had owed more to his extended family ties than to the Conservatives' organizational and communications strategies. Conservative party activists were reportedly disappointed to learn in early March that PM Harper had abandoned plans to create a Quebec wing of the Conservative party, as many had hoped. Campaign decisions in the next election apparently will again remain concentrated in the hands of the Ottawa-based national Conservative campaign director, rather than in the field.

110. (C) In an apparent recognition that prospects remain limited for Conservative victories in Quebec, the Conservatives appear to be increasingly looking elsewhere. PM Harper's re-introduction of tough anti-crime legislation -- knowing full well it would be unpopular in Quebec -- in 2008 and 2009 seemed to many as clearly an appeal to the Conservatives' western constituency but also potentially to win over voters in British Columbia, where a rash of gangland killings has alarmed Vancouver residents. The PCO's Ferguson claimed to poloff that PM Harper's ever-improving relations with Ontario Liberal Premier Dalton McGuinty, and the government's new-found willingness to bail out the Ontario automobile sector, reflected Conservatives' interest in broadening their popularity in vote-rich Ontario, with its 106 Parliamentary seats. (Note: There is no automobile

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sector in Quebec. End note.) Similarly, the Conservatives' intensive outreach to ethnic minorities and immigrant groups, especially by Minister for Citizenship, Immigration, and Multiculturalism Jason Kenney, may be another signal that the Conservatives are now targeting Liberal strongholds in the Greater Toronto Area and Vancouver, instead of Quebec, to win that illusive majority.

IT'S THE MONEY, CHERI(CHAREST)!

111. (SBU) Bloc Quebecois leader Gilles Duceppe and Premier Charest have both publicly criticized PM Harper for reducing the growth rate of equalization payments, accusing him of unilateralism and of breaking his word. (Note: Equalization is a federal transfer program to reduce fiscal disparities among provinces, and is entrenched in the 1982 Canadian Constitution. End note.) The Quebec government on March 19 announced an expected deficit in its 2009-2010 budget, exacerbated by what it claims will be C\$770 million less in federal equalization payments than earlier projected. In the 2009-2010 fiscal year, Quebec will nonetheless still receive

58 pct of all federal equalization payments to provinces and territories, or C\$8.35 billion out of a total of C\$14.36 billion -- an increase of C\$330 million from the 2008-2009 fiscal year. Quebec's total federal transfer payments in 2009-2010 will be C\$17.7 billion (for equalization, health transfers, social transfers, direct targeted support, and trust funds), an increase of C\$800 million from 2008-2009.

¶12. (C) According to the PCO's Ferguson, Canada's 2009 stimulus package will also directly benefit Quebec, through job training as well as housing and aboriginal programs. He noted that he spends 90 pct of his time on stimulus-related issues and has a list of Quebec shovel-ready projects, including infrastructure, water, hydro, roads, hospitals, higher education, housing, and social projects. The federal government owns the bridges around the island of Montreal and is considering renovating the Champlain Bridge, Ferguson added. In addition, the 2009 federal budget provided improved credit access for Quebec companies through the Export Development Corporation. Finance Minister Jim Flaherty in January announced a contribution of C\$1 billion to the "Societe Generale de Financement du Quebec" (SGF) to support its investments in Quebec businesses. In December 2009, the federal government and the Quebec and Ontario provincial governments will jointly review the results of a feasibility study for a Quebec City-Windsor high-speed train, although Transport Minister John Baird has publicly stated that the estimated C\$30 billion price-tag may be too high to support.

COMMENT: A DIEU, QUEBEC?  
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¶13. (C) Once heralded in Quebec for the 2006 House of Commons motion recognizing the Quebecois as a nation within a united Canada and for giving Quebec a permanent seat within Canada's Mission to UNESCO, PM Harper and the Conservative Party no longer generate much, if any, enthusiasm among Quebecers. While the Conservatives cannot afford entirely to alienate the province or to give up all hope of more potential Quebec seats to win an eventual majority in the House of Commons, it will be heavy lifting even to maintain their current base of support. In the week before the October 2008 election, Conservatives had begun to walk away from the prospect of a parliamentary majority built on victory in Quebec, and PM Harper and his key strategists may have already calculated that Conservative resources will earn Qhave already calculated that Conservative resources will earn better returns in Ontario and British Columbia. However, fears of the Liberal Party under increasingly popular new leader Michael Ignatieff picking up seats in Quebec in the next election will likely force the Conservatives to continue to compete for the scraps in Quebec, even though well aware that the Bloc -- which now holds 49 of Quebec's 75 seats in the House of Commons -- will remain the dominant political force in federal politics in Quebec for the foreseeable future.

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